

**REGULAR MEETING OF THE OVERSIGHT BOARD  
TO THE SUCCESSOR AGENCY OF THE  
BELMONT REDEVELOPMENT AGENCY**

**THURSDAY APRIL 10, 2014, 1:30 PM  
CITY COUNCIL CHAMBERS, ONE TWIN PINES LANE  
BELMONT, CA**

**Board Members**

Christopher Bohl	Financial Advisor, Morgan Stanley <i>County Board of Supervisors Public Appointee</i>
Connie Juarez-Diroll	San Mateo County Legislative Coordinator <i>San Mateo County Board of Supervisors Appointee</i>
Dick Ashby	Belmont Finance Commissioner <i>Belmont Mayor Appointee</i>
Warren Lieberman	Belmont Fire Protection District Board Member/Belmont Mayor <i>BFPD Appointee</i>
Enrique Navas	Assistant Superintendent, Sequoia Union High School District <i>County Superintendent of Schools Appointee</i>
James Keller	Deputy Chancellor, San Mateo County Community College District <i>San Mateo County Community College District Appointee</i>
Dan DeSmidt	Chief, Belmont Police Department <i>Belmont Mayor Employee Appointee</i>

**Successor Agency Staff**

Greg Scoles, Belmont City Manager  
Thomas Fil, Belmont Finance Director  
Terri Cook, Belmont City Clerk/Recording Secretary  
Jennifer Rose, Belmont Management Analyst

**Other**

Craig Labadie, Special Counsel

**MEETING AGENDA**

**MEETING CALL TO ORDER**

Roll Call  
Pledge of Allegiance  
Board Member Introductions

**1. PUBLIC/BOARD MEMBERS COMMENTS**

This agenda category is for items of interest not on the Agenda. The Board Chair may set a time limit for speakers. Since these items are not on the agenda, the Board may briefly respond to statement made or questions posed as allowed by the Brown Act. The Board may also refer items to staff or have a matter placed on a future meeting agenda.

**2. AGENDA AMENDMENTS (if any)**

**3. CONSENT CALENDAR**

Consent Calendar items are considered to be routine and will be enacted by one motion. There will be no separate discussion on these items unless members of the Agency, staff or public request specific items to be removed for separate action.

**a. Minutes of Regular Meeting of February 13, 2014**

*Action: Motion to Approve Consent Calendar*

**4. ADDITIONAL BUSINESS**

**a. Organization of Oversight Board (Continued from February 13, 2014 meeting)**

*Action: Motion to Adopt Resolution Confirming Board Chair and Vice Chair Pursuant to Health and Safety Code Section 34179(a)*

**b. Consideration of Resolution Directing the Successor Agency to Commence Proceedings for the Issuance of Bonds to Refund Bonds of the Former Belmont Redevelopment Agency**

*Action: Motion to Adopt Resolution Directing Successor Agency to Commence Bond Refunding Proceedings pursuant to section 34177.5(f) of the California Health and Safety Code*

**5. FUTURE MEETING(S)**

**a. May Meeting Date**

**ADJOURNMENT**

**REGULAR MEETING OF THE OVERSIGHT BOARD  
TO THE SUCCESSOR AGENCY OF THE  
BELMONT REDEVELOPMENT AGENCY**

**THURSDAY FEBRUARY 13, 2014  
CITY COUNCIL CHAMBERS, ONE TWIN PINES LANE  
BELMONT, CA**

**Call to Order 1:30 P.M.**

**Roll Call**

Board Members Present: Juarez-Diroll, Ashby, DeSmidt, Keller, Bohl

Board Members Absent: Ashby, Lieberman, Navas

Successor Agency Staff Present: City Manager Scoles, Finance Director Fil, Management Analyst Walker, Oversight Board Counsel Labadie, Recording Secretary Cook

Others: Belmont City Attorney Rennie, Deputy Finance Director Lazzari

**Pledge of Allegiance**

Led by Vice Chair Bohl

**AGENDA AMENDMENTS**

The Board concurred to table the reorganization of the Board to a future meeting when all members would be present.

**ITEMS APPROVED ON CONSENT CALENDAR**

**Minutes** of Regular Meeting of September 12, 2013

**Resolution 2014-001** Adopting the Belmont Successor Agency Administrative Budget for FY14/15A

**Action:** On a motion by Board Member DeSmidt, seconded by Board Member Keller, the Consent Agenda was unanimously approved by a show of hands (4-0, Ashby, Lieberman, Navas absent).

**ADDITIONAL BUSINESS**

**Organization of Oversight Board**

This item was tabled.

**Verbal Presentation of Recent Successor Agency Activities**

**Status of Lawsuit Pertaining to Other Funds Due Diligence Review**

City Attorney Rennie provided details of the City of Belmont's lawsuit against the State of California relative to two projects, the Highway 101 Bike Bridge and the Sixth and O'Neill Street project. Oversight Board Labadie described details of other cities' lawsuits.

Discussion ensued regarding the trial process and other court cases.

Status of Debt Refunding

Finance Director Fil noted that Morgan Stanley is no longer in the pool of potential companies for debt refinancing. He described the RFQ (request for quotation) process and that proposals have been received. He noted that bond counsel has been hired.

**Consideration of Resolution Adopting Recognized Obligations Payment Schedule 14/15A**

**Action:** On a motion by Board Member Keller, seconded by Board Member DeSmidt, Resolution 2014-002 Approving Recognized Obligations Payment Schedule 14/15A pursuant to Health and Safety Code Section 34177(l) was unanimously approved by a show of hands (4-0, Ashby, Lieberman, Navas absent).

**ADJOURNMENT** at this time, being 2:00 P.M.

Respectfully submitted

Terri Cook  
Recording Secretary

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION OF THE BELMONT OVERSIGHT BOARD APPOINTING  
A CHAIR AND VICE CHAIR PURSUANT TO HEALTH AND SAFETY  
CODE SECTION 34179(a)**

**WHEREAS**, on January 10, 2012, the Belmont City Council approved Resolution No. 2012-006 electing to become the Successor Agency to the Belmont Redevelopment Agency in accordance with Section 34171(j) of the Health and Safety Code, which tasks the Successor Agency with the responsibility for winding down the Agency's affairs and continuation to meet the former Redevelopment Agency's enforceable obligations; and,

**WHEREAS**, the seven members of the Oversight Board of the Successor Agency to the Belmont Redevelopment Agency were duly appointed pursuant to Health and Safety Code Section 34179(a); and,

**WHEREAS**, Health and Safety Code Section 34179(a) requires that the Oversight Board Members elect one of their own members to serve as the chairperson, and report the name of the chairperson and other board members to the Department of Finance; and,

**WHEREAS**, Mary McMillan, Deputy County Manager of San Mateo County, served as Chair of the Belmont Oversight Board from April 2012 until her retirement from San Mateo County in August 2013; and,

**WHEREAS**, Rick Frautschi, former Belmont Planning Commissioner, served as a member of the Belmont Oversight Board from April 2012 through July 2013; and,

**WHEREAS**, Coralin Feierbach, former Belmont City Council Member and Belmont Fire Protection District Board Member, served as a member of the Belmont Oversight Board from April 2012 through December 2013; and,

**WHEREAS**, pursuant to Health and Safety Code Section 34179(a)(1), Connie Juarez-Diroll, Legislative Coordinator with the San Mateo County Manager's Office, has been appointed to the Belmont Oversight Board; and,

**WHEREAS**, pursuant to Health and Safety Code Section 34179(a)(2), Dick Ashby, Belmont Finance Commissioner, has been appointed to the Belmont Oversight Board; and,

**WHEREAS**, pursuant to Health and Safety Code Section 34179(a)(3), Warren Lieberman, Mayor of the City of Belmont and Belmont Fire Protection District Board Member, has been appointed to the Belmont Oversight Board; and,

**WHEREAS**, under Health and Safety Code Section 34179(a) the Belmont Oversight Board wishes to elect a new chairperson and report the name of that chairperson and new board members to the Department of Finance; and,

**WHEREAS**, Health and Safety Code Section 34179(a) does not require election of a vice chairperson, but the Belmont Oversight Board Members have elected to choose one of their members to serve as the vice chairperson.

**NOW, THEREFORE, BE IT RESOLVED**, that the Belmont Oversight Board hereby elects the following members to serve a chairperson and vice-chairperson:

CHAIRPERSON: \_\_\_\_\_

VICE CHAIRPERSON \_\_\_\_\_

**BE IT FURTHER RESOLVED**, that the Oversight Board hereby directs Successor Agency Staff to send the names of the chairperson, vice-chairperson, and board members to the Department of Finance.

\* \* \* \* \*

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted at a meeting of the Oversight Board for the Successor Agency of the Belmont Redevelopment Agency at a regular meeting thereof held on April 10, 2014 by the following vote:

AYES, BOARD MEMBERS: \_\_\_\_\_

NOES, BOARD MEMBERS: \_\_\_\_\_

ABSTAIN, BOARD MEMBERS: \_\_\_\_\_

ABSENT, BOARD MEMBERS: \_\_\_\_\_

\_\_\_\_\_  
RECORDING SECRETARY to the  
Belmont Oversight Board

APPROVED:

\_\_\_\_\_  
CHAIR of the Belmont Oversight Board



## **Staff Report**

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RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE BELMONT REDEVELOPMENT AGENCY DIRECTING THE SUCCESSOR AGENCY TO COMMENCE PROCEEDINGS FOR THE ISSUANCE OF BONDS TO REFUND BONDS OF THE FORMER BELMONT REDEVELOPMENT AGENCY, PURSUANT TO SECTION 34177.5(F) OF THE CALIFORNIA HEALTH AND SAFETY CODE

Honorable Board Members:

### **Recommendation**

It is recommended that the Oversight Board approve a resolution directing the Successor Agency to the Belmont Redevelopment Agency (the "Successor Agency") to undertake proceedings for the refunding of the Series 1996 Housing Set-Aside Tax Allocation Bonds (the "Series 1996 Bonds"), Series 1999A Senior Tax Allocation Bonds (the "Series 1999A Bonds") and 1999B Subordinate Tax Allocation Bonds (the "Series 1999B Bonds") (the "Series 1999B Bonds" and together with the "Series 1996 Bonds" and "Series 1999A Bonds", the "Prior Bonds").

### **Background**

The California Supreme Court's upholding of Assembly Bill x1 26 ("ABx1 26") on December 29, 2011 resulted in the deliberate statutory demise of all redevelopment agencies active in the State of California. This legislation enabled the formation of the Successor Agency, which has the responsibility to wind down outstanding obligations and affairs, including fulfilling the legally enforceable obligations of the Belmont Redevelopment Agency (the "Original Agency").

Assembly Bill 1484 (AB 1484) is a follow-on legislative act that was passed on June 27, 2012 by the State Legislature to clarify and better organize certain procedures created by AB x1 26. AB 1484 permits the Successor Agency to refund outstanding bonds or other obligations of a former redevelopment agency under circumstances outlined in Health & Safety Code Section 34177.5 (a) (1 ):

"For the purpose of issuing bonds or incurring other indebtedness to refund the bonds or other indebtedness of its former redevelopment agency or of the successor agency to provide savings to the successor agency, provided that (A) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other

indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (B) the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance."

In other words, the SA may not issue bonds that would increase the overall cost of the bond or take additional proceeds even if it could do so under the cap on overall cost.

The Original Agency previously issued its \$15,490,000 aggregate principal amount of Los Costanos Community Development Project Area Senior Tax Allocation Refunding Bonds, Series 1999A, its \$8,725,000 aggregate principal amount of Los Costanos Community Development Project Area Subordinate Tax Allocation Refunding Bonds, Series 1999B, and its \$3,265,000 aggregate principal amount of Los Costanos Community Development Project Area Housing Set-Aside Tax Allocation Bonds, Series 1996 for the purpose of financing and refinancing redevelopment activities with respect to the Redevelopment Project.

Working with the Agency's Financial Advisor (Magis Advisors) and Placement Agent (Alamo Capital), staff estimates that refinancing the Prior Bonds will reduce debt service by approximately \$365,000 annually through 2016 and then \$195,000 annually through 2029. These savings will increase the amount of "residual" property tax (or tax increment) available to be redistributed to other taxing agencies under Section 34183.

The current outstanding amount of the Series 1996 Bonds is \$830,000, and they bear interest at an average rate of 7.75%. The current outstanding amount of the Series 1999A Bonds is \$8,330,000, and they bear interest at an average rate of 5.65%. The current outstanding amount of the Series 1999B Bonds is \$6,445,000, and they bear interest at an average rate of 5.76%. The Series 1996 Bonds mature in 2016 and the Series 1999A & Series 1999B Bonds mature in 2029.

The plan of finance is to refund the Prior Bonds into two separate series while releasing approximately \$1,042,266 of the Debt Service Reserve Fund and \$47,622.46 in Temporary Redemption Fund to redeem bonds, thus reducing the outstanding par amount of bonds. The Senior Series 1999A bonds will be refunded on the same senior level through the issuance of \$7,270,000 Series 2014A Bonds. The 1996 Housing Taxable Bonds and the 1999B Subordinate Bonds will be refunded on the same subordinate level as the 1999B Bonds through the issuance of \$6,355,000 Series 2014B Bonds.

Due to the complexity of the refunding of redevelopment agency debt, and lack of marketplace, the transaction is being structured as a fixed rate bond to be sold as a Direct Placement to a Bank. Direct Placement financings have become more popular as highly liquid financial institutions seek high-grade municipal investments for their portfolios. Such financings entails the sale of an entire bond issue as a single "loan" or bond to one financial institution that commits to the purchase at a fixed rate. This Direct Placement for the refinancing of the Prior Bonds will result



in lower overall costs of issuance as compared to a public offering since the Direct Placement will not require: 1) an Official Statement, 2) a Rating and 3) a fully funded Debt Service Reserve Fund. Therefore the City will save money from the legal costs of preparation and dissemination of the Official Statement, as well as Rating fees. Furthermore, the Successor Agency will not be required to have a fully funded Debt Service Reserve Fund, which in the case of the Prior Bonds is 100% of Maximum Annual Debt Service. The Prior Bonds has a combined reserve fund of \$1,929,250.01 and the refinancing would require 50% of Maximum Annual Debt Service which is estimated to be approximately \$887,000. The release of the excess reserve funds will be used to redeem outstanding bonds.

For the Series 1999A Bonds and Series 1999B Bonds, the costs of issuance were \$609,677. The estimated costs of issuance for the Series 2014A&B Refunding Bonds are approximately \$320,000 or 47.5 percent less.

It is anticipated that the refunding bonds would bear interest at an effective rate of 3.68%, reducing the annual debt service on the 1996 Bonds by \$175,000, on the 1999A Bonds by \$110,000, and on the 1999B Bonds by \$85,000. After the refinancing, the Successor Agency would reduce the requested RPTTF for debt service by \$365,000 annually through 2016 and then \$195,000 annually through 2029, generating more residual balance available to the taxing entities in furtherance of the goals of redevelopment agency dissolution.

Refunding the bonds and reducing the cost of debt service is consistent with the goals and objectives of the Dissolution Act. It has the effect of:

- Reducing the costs of the Successor Agency; and
- Generating additional funds to all the taxing entities immediately.
  - City of Belmont 16.40%
  - Belmont Fire District 28.26%
  - Other Special Districts 9.46%
  - Mosquito Abatement District 0.09%
  - K-12 School 35.64%
  - San Mateo Community College 6.68%
  - County Office of Education 3.48%

The process for refinancing is expected to take approximately 4 months. This includes the scheduling of future Successor Agency actions, related Oversight Board approvals of the financing documents and the maximum review periods by the DOF for such approvals. This schedule would have staff introducing a resolution to the Successor Agency on April 22, 2014 for document approval, returning to the Oversight Board on May 8, 2014 and projected to close on or before August 14, 2014 as summarized in the financing schedule below:

**Financing Schedule**

April 10, 2014	<ul style="list-style-type: none"><li>• Oversight Board Meeting to direct SA to proceed with refunding</li></ul>
April 22, 2014	<ul style="list-style-type: none"><li>• Successor Agency Meeting to adopt Resolution approving Financing Documents</li></ul>
May 8, 2014	<ul style="list-style-type: none"><li>• Oversight Board adopts Resolution approving SA's action.</li></ul>
May 9, 2014	<ul style="list-style-type: none"><li>• Submit OB Resolution and Documents to DOF</li><li>• Start of 5-day DOF Review Period</li></ul>
May 14, 2014	<ul style="list-style-type: none"><li>• Start of 60-day extension of DOF Review Period</li></ul>
July 14, 2014	<ul style="list-style-type: none"><li>• End of DOF Review Period</li></ul>
August 14, 2014	<ul style="list-style-type: none"><li>• Closing of the Series 2014A&amp;B Bonds</li></ul>

**Fiscal Impact**

The increase in the residual property tax (or tax increment) that gets distributed to all the taxing entities will increase by approximately \$3.2 million over the remaining 15 years that the Prior Bonds are outstanding after all costs associated with the issuance of the refunding bonds have been paid. These costs have been conservatively estimated at \$320,000, which includes private placement fee, financial advisor fee, legal and consultant costs, and reimbursing the City of Belmont for administrative staff time spent with respect to the authorization, issuance, sale and delivery of the Refunding Bonds. Fees associated with issuing the Series 2014 Bonds will be paid from bond proceeds and contingent upon closing of the transaction.

**Alternatives**

1. Continue Item to a Future Meeting Date, Direct Staff to Bring Additional Information.
2. Take No Action, Thereby Denying the Resolution.

**Staff Contact:**

Jennifer Rose, Management Analyst, City of Belmont Finance Department  
(650) 595-7453; jrose@belmont.gov

## **RESOLUTION NO.**

### **RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE BELMONT REDEVELOPMENT AGENCY DIRECTING THE SUCCESSOR AGENCY TO COMMENCE PROCEEDINGS FOR THE ISSUANCE OF BONDS TO REFUND BONDS OF THE FORMER BELMONT REDEVELOPMENT AGENCY**

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WHEREAS, the former Belmont Redevelopment Agency (the “Former Agency”) was a redevelopment agency, duly created pursuant to the California Community Redevelopment Law; and,

WHEREAS, the Former Agency has previously issued its \$3,265,000 Belmont Redevelopment Agency Los Costanos Community Development Project Area Housing Set-Aside Tax Allocation Bonds (Taxable), Series 1996 (the “1996 Bonds”), to finance low and moderate income housing activities; and,

WHEREAS, the Former Agency has also previously issued its \$15,490,000 Belmont Redevelopment Agency Los Costanos Community Development Project Area Senior Tax Allocation Refunding Bonds, Series 1999A (the “1999A Bonds”), to refinance redevelopment activities; and,

WHEREAS, the Former Agency has also previously issued its \$8,725,000 Belmont Redevelopment Agency Los Costanos Community Development Project Area Subordinated Tax Allocation Bonds, Series 1999B (the “1999B Bonds” and, with the 1996 Bonds and the 1999A Bonds, the “Prior Bonds”), to finance redevelopment activities; and,

WHEREAS, section 34177.5(f) of the California Health and Safety Code (the “Code”) provides that an oversight board of a successor agency to a former redevelopment agency may direct the successor agency to commence proceedings for the issuance of bonds or the incurrence of indebtedness to refund bonds or other indebtedness of its former redevelopment agency as permitted by section 34177.5(a)(1) of the Code, so long as the successor agency is able to recover its related costs in connection with the transaction; and

WHEREAS, the Oversight Board now desires to direct the Successor Agency to the Belmont Redevelopment Agency (the “Successor Agency”) to commence proceedings to issue bonds in one or more series (the “Refunding Bonds”) to refund in whole or in part the Prior Bonds, so long as the Refunding Bonds and the Prior Bonds to be refunded satisfy the requirements of section 34177.5(a)(1) of the Code.

**NOW, THEREFORE**, the Belmont Oversight Board to the Successor Agency of the Belmont Redevelopment Agency hereby resolves as follows:

**Section 1.** The Oversight Board hereby finds and determines that the foregoing recitals are true and correct.

**Section 2.** The Oversight Board hereby directs the Successor Agency to commence proceedings to issue the Refunding Bonds to refund in whole or in part all or any of the Prior Bonds, so long as the requirements of section 34177.5(a)(1) of the Code are satisfied upon the issuance of the Refunding Bonds.

**Section 3.** The Oversight Board acknowledges and agrees that the Successor Agency is entitled under section 34177.5(f) of the Code to recover its costs in connection with the proceedings for the issuance and payment of the Refunding Bonds, including the cost of reimbursing the City of Belmont for administrative staff time spent with respect to the authorization, issuance, sale and delivery of the Refunding Bonds.

**Section 4.** This Resolution shall take effect from and after the date of its passage and adoption.

\* \* \* \* \*

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the Oversight Board for the Successor Agency of the Belmont Redevelopment Agency at a regular meeting thereof held on April 10, 2014 by the following vote:

AYES, BOARD MEMBERS: \_\_\_\_\_

NOES, BOARD MEMBERS: \_\_\_\_\_

ABSTAIN, BOARD MEMBERS: \_\_\_\_\_

ABSENT, BOARD MEMBERS: \_\_\_\_\_

\_\_\_\_\_  
RECORDING SECRETARY to the  
Belmont Oversight Board

APPROVED:

\_\_\_\_\_  
CHAIR of the Belmont Oversight Board